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Purchase Order User Guide

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Lawson Supply Chain Management

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Chapter 1

Overview of Purchase Order

The Lawson® Purchase Order application lets you create and issue purchase orders, and manage the receiving process.

This chapter provides a high-level overview of Purchase Order, including information on the application's major processes and integration with other Lawson and non-Lawson products.

- "Purchase Order Process Flow" on page 11
- "How Purchase Order Integrates with other Applications" on page 12

Purchase Order Process Flow

The Purchase Order application is broken down into four processes: setup, creating and issuing purchase orders, receiving goods, and posting to the general ledger. This section takes a closer look at these processes.

Purchase Order Setup

While setting up the Purchase Order application, you must consider the purchasing needs of your central reporting structure. Specifically, you need to determine pricing needs, buyer groups, vendor groups, and cost defaulting hierarchies.

Creating and Issuing Purchase Orders

When you create and issue purchase orders, you indicate items and item quantities that you need and then send that information to the vendor. The Purchase Order application provides different methods for creating and issuing purchase orders which allow you to customize the order process to suit your business needs.

Receiving Goods

Receiving goods is the process of accepting items from the vendor. The Purchase Order application provides options for receiving goods which allow you to accept, reject, or accept under certain conditions.

Posting to the General Ledger

At the end of a transaction period, you can close the Purchase Order application to allow all transactions for that period to post to the general ledger. This process promotes accurate transaction balances to be kept in your organization.

Currency

The Purchase Order application uses currency definitions from the Lawson Currency application. These are used for transactions posted to Lawson Inventory Control and Lawson Purchase Order.

Budgeting

If you have budget editing set up, edits are performed against your budgets and budget edits are passed back to the Purchase Order application if discrepancies exist.

Invoice Matching

The Purchase Order application sends purchase and receiving information to the Lawson Invoice Matching application. Invoice Matching compares order receipt information from Purchase Order with invoice information from Accounts Payable to automate payment and posting processes.

Inventory Control

The Purchase Order application receives reorder information from the Lawson Inventory Control application and creates purchase orders. Upon order receipt and adjustment, the Purchase Order application sends receipt transactions to Inventory Control to update inventory balances.

Requisitions

The Purchase Order application receives order requests for goods or services from the Lawson Requisitions application. Purchase orders can then be created automatically to fill the requisition.

Order Entry

The Purchase Order application receives customer order information from the Lawson Order Entry application. Purchase orders can then be created automatically to fill the order.

Asset Management

The Purchase Order application sends asset information to the Lawson Asset Management application so that you can track the procurement of capital goods.

Project Accounting

The Purchase Order application sends activity information to the Project Accounting application. You can then associate goods and services on purchase orders with activities enabling the use of Activity Based Costing (ABC) and Activity Based Management (ABM). If you have activities commitments set up, additional edits are done against Project Accounting and passed back to Requisitions.

What is a Vendor Item?

NOTE You do not need to set up a purchase order vendor to be able to define vendor items.

A vendor item links an Item Master record (non-stock or inventory item) to a specific vendor. This link lets you, for example, view the vendor's stock number for a purchase order. A vendor item can be either active or inactive or you can mark it as the default vendor item. An inactive vendor item cannot become the default and cannot be added to a PO line or requisition line.

You can assign multiple vendor items for the same vendor to one Lawson item.

What are Shipping Terms?

Shipping terms are conditions that indicate the point during shipment when the buyer or seller takes legal possession of the merchandise. You attach shipping terms to the purchase order at creation time.

If you want a shipping code to apply to all purchase orders that go to a specific vendor, you can assign the shipping term to that vendor when you set up purchase order vendors. You can override default shipping codes when you enter the purchase order.

Chapter 8

Creating Purchase Orders from Order Requests

This chapter shows you how to create purchase orders from order requests that originated in another Lawson application.

Before you start Before you can create purchase orders from order requests originating in another application, you must complete set up Purchase Order requirements in the other applications. For setup information, see the *Inventory Control User Guide*, *Requisitions User Guide*, and *Lawson Distribution Management User Guide*.

Concepts in this Chapter

TIP To skip directly to the procedures, see "Procedures in this Chapter" on page 146.

The following concepts provide background and conceptual information for the procedures within this chapter.

What is an Order Request?

An order request is a file that contains a request for items or services. Order requests can originate from Inventory Control, Requisitions, Case Carts, and Order Entry applications.

When the Purchase Order application receives order requests from other applications it stores the requests in an interface file. You initiate the creation of purchase orders with one of two programs in the Purchase Order application: Purchase Order Interface from Lawson Applications (PO100) and Purchase Order Worksheet (PO23).

NOTE Purchase Order Interface from Lawson Applications (PO100) can default values for buyer code and delivery date based on information entered on the Main tab.

Purchase Order Interface from Lawson Applications (PO100) searches the interface file for order requests containing all required information and then creates purchase orders automatically. In order to automatically process purchase orders, order requests must contain a vendor, a buyer code, a cost source, and a requested delivery date.

Purchase Order Worksheet (PO23.1) lets you add missing information to order requests. You can determine pricing, combine requests for the same item, change quantities, and other purchasing information. After you add the missing information, you can create and release the purchase order in Purchase Order Worksheet (PO23.1), or rerun Purchase Order Interface from Lawson Applications (PO100) to create and release purchase orders in a batch mode.

If the buyer fully or partially cancels a requisition line in Purchase Order Worksheet (PO23.1) before a purchase order is created, the action will be audited. Use Purchase Order Worksheet (PO23.1) to produce an audit record of requisition lines that were cancelled by the buyer before a purchase order is produced. The functionality also updates a cancelled quantity field on the requisition line.

Applications that send order requests to the Purchase Order application require additional setup requirements that control the transfer of order information to the Purchase Order application. Please see the appropriate user guide for the application that you want to interface with the Purchase Order application: *Inventory Control User Guide*, *Requisitions User Guide*, *Lawson Distribution Management User Guide*, *Case Carts User Guide*.

What are Filters?

Filters are a set of criteria that you define for batch jobs that create purchase orders out of order requests. When you run the batch job, the Purchase Order application processes only those order requests with the filter parameters you define.

For example, you can define a batch job for only the order requests from the Requisitions application, a specific vendor, a specific location, and accounting unit. You can also specify a certain item or class of items and so on.

What are Exceptions?

Exceptions are source documents (requisitions, customer orders, replenishment records, or cases) that could not be processed by running Purchase Order Interface from Lawson Applications (PO100). Possible reasons why purchase orders may not be created by running PO100 include missing information, such as buyer, cost, or vendor information.

NOTE When using a purchase order worksheet, you can filter the source documents to display by exceptions.

PO100 reads records from the PO interface table and creates purchase orders for them. Each run of PO100:

- creates header records, then adds lines
- if errors exist, does not add the line and the PO Header record is deleted (consequently, some purchase order numbers are skipped)

For a list of the records in the PO interface table, run PO Interface Listing Report (PO234).

An audit report is created when you run PO100, listing the purchase order numbers that were deleted during a run of the program.

Procedures in this Chapter

The Purchase Order application creates purchase orders based on order requests from the Inventory Control, Requisitions, Case Carts, and Order Entry applications. For information on creating purchase orders from other applications, see the following procedures.

- "Creating Purchase Orders from Order Requests" on page 146
- "Managing Information on Order Requests" on page 149

Creating Purchase Orders from Order Requests

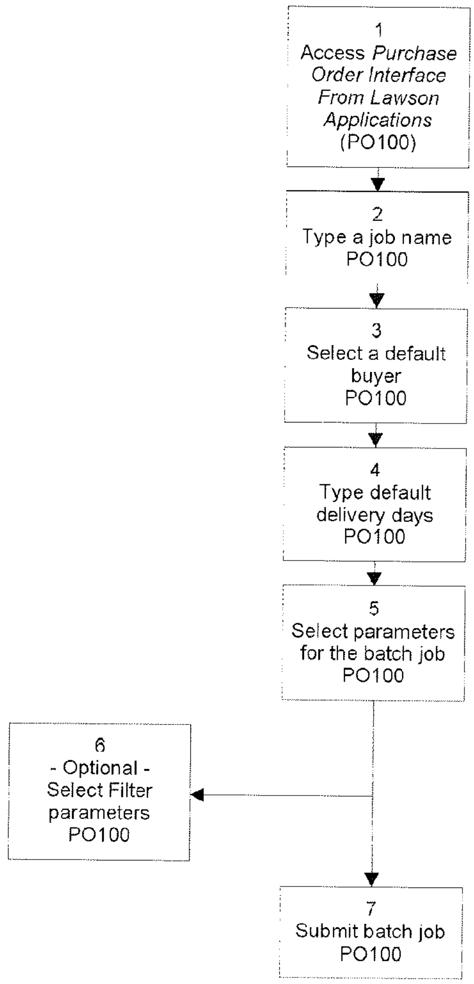
The Purchase Order application receives order requests from other applications and creates purchase orders from those requests. This procedure shows you how to create purchase orders from other applications.

Before you start Before the Purchase Order application can create purchase orders (from order requests originating from other applications), you must define vendor and unit cost values for the items being ordered.

Need More Details? Check out the following concepts:

- "What is an Order Request?" on page 144
- "What are Filters?" on page 145

Figure 12. Procedure flow: Creating purchase orders from order requests



STEPS

To create purchase orders from order requests

1. Access Purchase Order Interface from Lawson Applications (PO100).
2. Choose the Main tab to add required parameters for creating purchase orders from order requests. Consider the following fields.

Default Buyer	The buyer you select will be entered on purchase orders where no buyer is defined.

Release Purchase Orders	Select Yes in this field to have the application automatically release purchase orders that are created by the program. Select No to be able to view purchase orders before release (for example, to add comments).
Combine on PO Line	Indicate whether you want to combine interface records onto one line automatically.
Maximum Number of Lines on PO	Enter the maximum number of lines allowed on a purchase order.
Print Exception Report	Indicate whether to print the exception report and how to sort the exceptions. The values available are: • Do not print exception report • Sort exceptions by vendor/purchase from • Sort exceptions by item • Sort exceptions by source document • Sort exceptions by buyer code
Default Delivery Days	The delivery days you select will be entered on purchase orders where no delivery days are defined and are used in the leadtime calculation for items.
Print PO Comments	Indicate whether you want PO comments to print.
Report Level	Indicate whether you want the detail level on the report.
Vendor Option	Indicate whether the vendor entered as run time job parameter are inclusion vendor or exclusion vendor.

3. Choose the More Filters tab to define filters for the purchase orders created from interfaced files to limit the purchase order interface records for processing. Consider the following fields.

Buyer Purchase Classes	Select the buyer purchase class to restrict purchase order interface records for evaluation.
Vendors	Select the vendor to restrict purchase order interface records for evaluation.
Locations	Select the location to restrict purchase order interface records for evaluation.
Requesting Locations	Select the requesting location to restrict purchase order interface records for evaluation.
Delivery Days	Select the delivery days to restrict purchase order interface records for evaluation.
PO Code	Select the PO code to restrict purchase order interface records for evaluation.

Accounting Unit	Select the accounting unit to restrict purchase order interface records for evaluation.
Agreement Reference	Select the agreement reference to restrict purchase order interface records for evaluation.

Related Reports and Inquiries

To	Run
Issue purchase orders in batch	Mass PO Issue (PO120)
List PO numbers that were deleted because of a run of PO100 or were deleted manually using Purchase Order Entry (PO20.1)	Audit Report of Deleted PO Numbers (PO191)
Print a list of records in the PO interface file	PO Interface Listing Report (PO234)

Managing Information on Order Requests

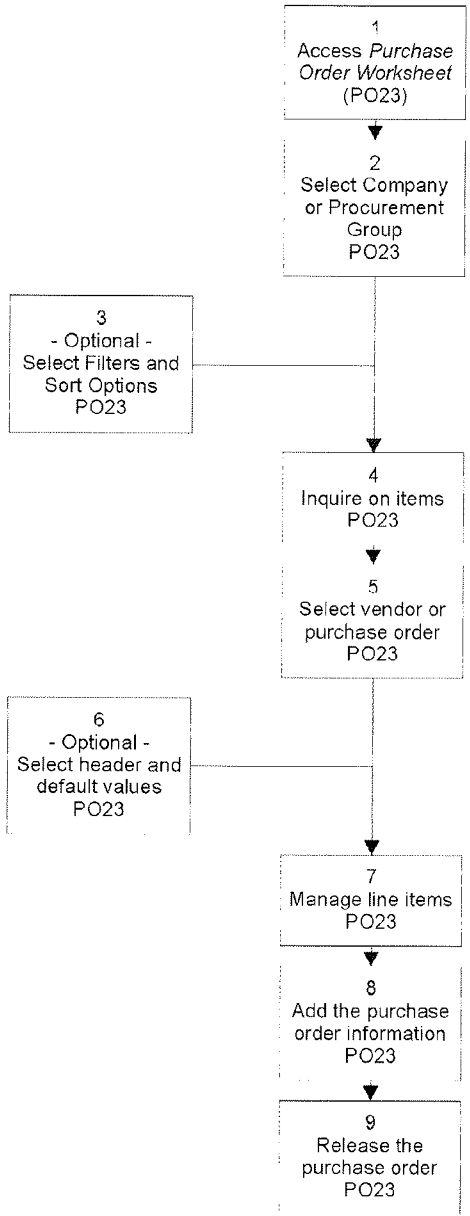
In the Purchase Order application, you can manage order requests that originated in another application to add or change insufficient information. This procedure shows you how to manage order requests with insufficient information to create purchase orders.

Before you start Before the Purchase Order application can create purchase orders from order requests that originate in other applications, you must define vendor and unit cost values for the items being ordered.

Need More Details? Check out the following concepts:

- "What is an Order Request?" on page 144
- "What are Filters?" on page 145

Figure 13. Procedure flow: Managing information on order requests



STEPS To manage information on order requests

1. Access Purchase Order Worksheet (PO23.1).
2. Select the procurement group or company that has order requests you want to manage.
3. To select options that sort order requests by document, originating application, or operating company, select from the options in the Filter and List Items section. Consider the following options.

Use	To
Filter button	Select filters that indicate which interface records display.
Sort By field	Choose the order in which you want the interface records to display.

NOTE If the order request does not contain company, vendor, and buyer information the purchase order will not be released.

4. Choose the Inquire form action.
5. To manage the purchase order header information (Currency, Shipping, Issue, User, Intrastat, or Miscellaneous), choose the Header button.
6. To enter values that default on all or most non-inventory lines of the purchase order, choose the Defaults button.
7. Edit line information on an order request. Consider the following.

Use	To
Line Action	The available line actions are Select, Change, Cancel, Combine, and Event. The line action of Event requires you to have Strategic Sourcing implemented. Strategic Sourcing users can select the Event line action to create an event interface record, instead of creating a purchase order. For more information, see the *Strategic Sourcing User Guide*.
More button	Edit details on *Line Options*. You can adjust the following types of information: Details from Source, Detail, Comment Codes, Tax, and Drop Ship.
Line detail tabs	Edit line information for the following types of information: Detail, Purchase, Source, Account/Activity, Asset, and History.

8. Select the Change form action to add changes.
9. Select the Release form action to release the purchase order.

Related Reports and Inquiries

To	Run
Print a list of records in the PO interface file	PO Interface Listing Report (PO234)

Options for Managing Information on Order Requests

If order limits have been exceeded, you need to obtain authorization before you can release the purchase order. The steps below show you how to obtain authorization to continue through the ordering process.

STEPS **To obtain authorization for a purchase order exceeding order limits**

1. Access Purchase Order Entry (PO20.1).
2. Choose the More button to access the *PO Line Options* form.
3. Choose the Messages button to access the *Message Review* form. Use this form to see what limits have been exceeded.
4. Access Authorization, Release (PO22.1) to release a purchase order that exceeds the limits.

Using EDI to Issue Purchase Orders

EDI is the paperless exchange of documents between trading partners. Companies that use Lawson's EDI capability can communicate instantly with suppliers and vendors.

Data is transmitted from one company's computer to another electronically. The basic transaction for all EDI purchasing is the electronic purchase order. With electronic purchase orders, EDI users can order materials from vendors electronically.

After receiving a purchase order, the vendor returns a detailed purchase order acknowledgment to the client. This acknowledgment summarizes the information on the purchase order and validates the order's authenticity.

Using Internet E-mail to Issue Purchase Orders

Purchase orders can be issued to vendors using Internet e-mail. This kind of issue method is possible by using Lawson Procurement Punchout or another third-party tool that is capable of e-mail delivery. With Lawson Procurement Punchout, you also need Lawson Requisitions Self-Service (to get the PO Dispatcher, or sweeper).

Lawson Procurement Punchout lets users of Lawson Requisitions Self-Service order supplies from a specific vendor's web site. With Lawson Procurement Punchout, a vendor page is linked to a shopping icon (called Punchout) on the Lawson Requisitions Self-Service home page. When the user chooses a specified vendor, that vendor's website catalog appears. From this catalog, Lawson Requisitions Self-Service users choose items to order. By separate agreement between the customer and the vendor, the vendor displays the customer's special cost information for catalog items and can limit the catalog items that are displayed. When users have filled their shopping carts and checked out from the vendor web site, the chosen items and their cost are returned to the Lawson server, where a requisition is created using the Lawson Requisitions Self-Service application. A purchase order is then created from the requisition. After the requisition is interfaced into the Purchase Order application, Lawson Procurement Punchout enables the transmission of purchase order documentation back to the vendor so that the vendor can fill the order.

The setup for using this issue method is as follows. You add the vendor's e-mail address on PO Vendor (PO10.1) or Vendor Purchase From Location (PO10.2). When the purchase order is issued from Purchase Order Entry (PO20.1) or Mass PO Issue (PO120), an e-mail with a file extension of .EM is created in the following directory:

$LAWDIR/*productline***/email/out** (for UNIX)

%LAWDIR%*productline***\email\out** (for Windows)

LAWDIR/*productline***/email/out** (for System i)

This .EM file can be picked up and sent by any sweeper program. A sweeper program is a utility that takes the e-mail from this directory.

The e-mail address from Purchase Order Entry (PO20.1) defaults to the e-mail address entered on PO10.1 or PO10.2. When you run Mass PO Issue